

STORE AGE
ANDISER

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DRUG STORE NEWS

Vol incorporating CHAIN STORE AGE Drug Magazine Published by Lebhar-Friedman Inc./August 22, 1983

JByrons turnaround star to head Eckerd

By Mike Dunn

CLEARWATER, Fla.—Harry W. Lambert, the executive credited with a major role in turning around Jack Eckerd Corp.'s JByrons department store division, has been named president of the Eckerd Drug Co.

He replaces Burton C. Perfit, who now becomes corporate sr. vp and group executive responsible for Eckerd Apparel division, Eckerd Optical Co. and Eckerd Med-Care, the home health care operation launched last fall in St. Petersburg, Fla.

James L. Fischer, 43, who joined the Jack Eckerd Corp. three years ago as president of Eckerd's Apparel, replaces Lambert as president of

JByrons. Lambert had acquired that post in November 1978.

The changes were made to streamline the corporation, according to Stewart Turley, chairman and president of the Jack Eckerd Corp. "We feel particularly fortunate to have these outstanding men within our company who can move into new areas of responsibility and challenges," Turley said.

Analysts see Lambert as an executive who could improve earnings at the drug chain exactly as he did at JByrons. Although Eckerd Drug has one of the better ratios of operating profits to sales in the chain drug industry, profits have been relatively flat this year while they

have soared at other major drug chains.

"Harry Lambert did a terrific job at Byrons. He brings in a new perspective to the drug division," said Robert I. Roth, an analyst at Merrill Lynch.

Now Lambert will be called on to improve Eckerd Drug's profit growth, which in the third quarter ended April 30 was flattened by the company's strong promotional activities. Sales in that period increased 12%.

At the same time, Eckerd Drug maintains its comparatively strong operating profit margins. In the third quarter its ratio of operating profits to sales was 6.4%. For the first three quarters, the



Burton C. Perfit



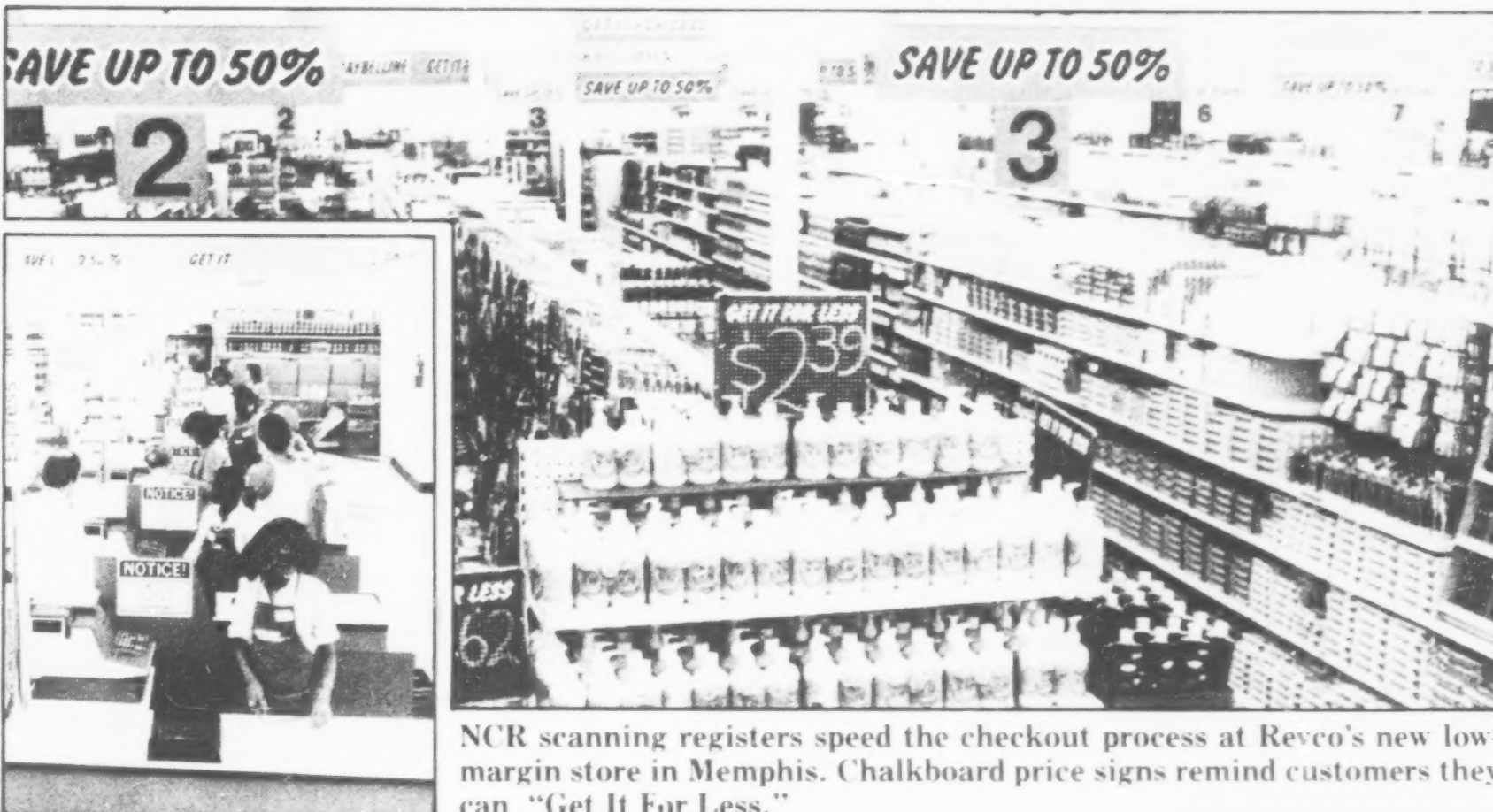
Harry W. Lambert

ratio was 7.3%.

Susan Schmierer, an analyst at L. F. Rothschild who closely follows Eckerd, described

Lambert as "very aggressive. He turned around the operating profit situation at Byrons."

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NCR scanning registers speed the checkout process at Revco's new low-margin store in Memphis. Chalkboard price signs remind customers they can "Get It For Less."

Called "Get It For Less"

Revco uses scanners in 1st low-margin unit

By Allen Mundth

MEMPHIS—Revco Drug Stores this month opened its first low-margin store, a 23,000-sq.-ft. nonpharmacy health and beauty aids outlet called "Get It For Less." The store is equipped with 11 scanning-equipped cashier stations, taking the deep discount concept to its most sophisticated level yet.

Elliot "Budd" Dworkin, Revco's vice president for purchasing, said the new store, which operates on the theory that American shoppers love two things: mass assortment and great buys, is "an idea whose time is here and now."

Designed with a race track

format common to discount stores, the new Revco outlet features brand name merchandise at advertised discounts of up to 50%. Prominent displays of typical drug store merchandise line the 6-ft.-high gondolas inside the race track's perimeter traffic circle. Health and beauty aids, cosmetics, OTC preparations, greeting cards, candy and tobacco departments are supplemented with hardware, software, photo, electronic and sundries merchandise. The store also carries convenience foods and soft drinks, also at deep discount prices.

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McKesson to buy Rx computer firm

SAN FRANCISCO—McKesson Corp. has signed a letter of intent to acquire 3 P.M., of Livonia, Mich., a major developer and marketer of pharmacy computer systems.

Thomas E. Drohan, president and ceo of McKesson,

made the announcement at the corporation's annual shareholders meeting. The acquisition would be for cash.

3 P.M., which has installed 1200 Pharmaserv systems in 40 states during the past eight years, reported sales of \$22 million last year. The 3 P.M. system includes third-party claims processing, prescription market research data and pharmaceutical computer systems.

3 P.M. is no stranger to

McKesson. Since January 1983, the computer company has had a marketing agreement with the San Francisco-based wholesaler in which the latter served primarily as a distributor of 3 P.M.'s Pharmaserv stand-alone system.

At the time of the acquisition move, McKesson had been testing 50 Pharmaserv stand-alone pharmacy terminals in four states: Oregon, Washington,

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Perry eyes acquisition of 50-store auto chain

By Faye Brookman

PONTIAC, Mich.—Perry Drug Stores' proposed acquisition of Fleenor's Inc., a 50-store auto parts chain, will provide the drug operation with a nucleus of profitable stores in

three new markets, as well as the automotive expertise needed to propel the growth of Perry's freestanding auto units.

Termed "an attractive deal for both parties" by auto and drug chain sources, the tender offer to purchase Indianapolis-based Fleenor's will bring the Pontiac, Mich.-based chain into Kentucky, Indiana and Ohio. Perry currently operates six auto stores in Michigan and one in Illinois.

When Jack A. Robinson, chairman and ceo, announced plans to launch Perry's chain of Auto Works outlets, he predicted that it would hit 25 stores within two years. The acquisition, however, would more than double that prediction.

Perry is expected to retain Fleenor's management team, a group of characterized by industry sources as "young and bright." With annual sales of \$25 million, Fleenor's is said to

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LATE NEWS

JOSEPH VICTOR, former president of the Illinois Thrifty Drug Company, has resigned his position as an inventory manager at SuperRx Drug Stores. Victor, whose 13-store chain was acquired by SuperRx 11 months ago, said he will devote his time to family real estate matters in the Springfield, Ill., area and will continue to pursue opportunities in marketing.

CONTINUING
EDUCATION
PROGRAM

Pharmacists recommendations for common pet care problems—pp. 33-40

Longs expands Kitchen Korners

WALNUT CREEK, Calif.—After three years of testing seven Kitchen Korner mini-food departments, Longs is now expanding the section to additional stores.

New Kitchen Korners have been added to two stores just three miles apart in Sunnyvale, the heart of California's Silicon Valley, and other units are expected to open shortly at the discretion of unit and district managers.

When Longs first opened Kitchen Korner in San Diego three years ago, chain presi-

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Longs has added Kitchen Korner depts. to two stores in Sunnyvale, Calif., and other units are expected to have food sections shortly.

News in brief

Rite Aid grocery division renamed

SHIREMANSTOWN, Pa.—Louis Lehrman & Son Inc., the wholesale grocery chain that spawned Rite Aid, has undergone a name change that better links the wholesaler to the drug chain.

The new name of the grocery division of the Rite Aid Corp. is Super Rite Foods Inc. "It more closely identifies the company as a food wholesaler," a chain spokesman said.

Although Louis Lehrman & Son was started in 1927, 55 years before Rite Aid was launched as a drug chain, the situation has now become one of the tail wagging the dog. In fiscal 1983, the wholesale grocery division contributed \$246.7 million of sales to Rite Aid compared to \$966.9 million contributed by the retail drug division.

Meanwhile, Rite Aid continues to increase its penetration of Ohio and West Virginia with the acquisition of the four-store Beagle drug chain, based in Marietta, Ohio. Terms of the sale have not been disclosed.

The four stores are close to the Rite Aid warehouse in Nitro, W. Va., in a region targeted for expansion by the 1,085-store chain. As of May 1, Rite Aid operated 93 stores in Ohio and 75 in West Virginia.

JByrons to open 3 Orlando stores

MIAMI—JByrons, the junior department store chain owned by the Jack Eckerd Corp., was scheduled this month to open the first of three stores in Orlando, Fla.

The three stores will be approximately 40,000 sq. ft. each, according to an Eckerd spokesman.

The 49th JByrons store was opened Aug. 2 in Tarpon Springs, Fla. The 44,000-sq.-ft. store is open seven days per week in a one-story building.

Peoples promotes Arensmeyer

ALEXANDRIA, Va.—Peoples Drug Stores has promoted senior vp Robert Arensmeyer to the newly created post of executive vp.

As the company's No. 2 executive behind president and ceo Sheldon W. Fantle, Arensmeyer will be responsible for the day-to-day execution of corporate policies and programs, including the chain's strategic planning activities. He will also continue to serve as chief financial officer of the 571-unit chain.

Arensmeyer, formerly sr. vp and treasurer joined Peoples in 1968 as controller. He had previously worked for the Price Waterhouse Co., the Granite City Steel Co., and the Katz Drug Co. He is a member of Peoples' board of directors.

Transworld to add 2 more show dates

CHICAGO—Transworld will add 2 more show dates in 1984. In addition to the traditional January and July exhibition, there will be shows in April and October to coincide with the new meeting times for the National Housewares Manufacturers' Association shows.

Transworld's new dates are: April 6-11 and Oct. 8-11 plus Jan. 15-18 and July 15-18.

Video cartridge sales rise

NORTHBROOK, Ill.—Drug stores accounted for \$35 million in sales of video game cartridges between Nov. 1, 1982, to Feb. 28, 1983, according to a nationwide study by A. C. Nielsen Co.

The survey indicated drug stores accounted for 20.1% of the combined cartridge sales of mass merchandisers, food stores and drug stores.

Forty-four per cent of chain drug stores carried the cartridges, while 30% of independent drug stores sold them.

Adams stockholders re-elect Salmanson

PAWTUCKET, R.I.—Charles Salmanson was re-elected chairman of Adams Drug Co. Inc. by the directors at the chain's annual meeting.

Charles Salmanson as well as Samuel Salmanson, Donald Salmanson, Thelma S. Rodbell, Clarke Simonds and Clarence H. Gifford Jr. were re-elected as directors.

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The discounts on name-brands are mounted on a wall above Giant's cosmetics department.

4 more Giant combo units to make over cosmetics

By Faye Brookman

CROFTON, Md.—The chic, upscale cosmetics department in Giant's three-month-old combo store here has been so successful that the chain is duplicating the look in four other combo units.

The department consists of two 60-ft. gondola runs plus endcaps. The area is set off from the rest of the store by a chrome overhang with pink neon lighting that identifies the department as cosmetics.

One side houses the pegged lines merchandised by line on fixtures developed by Giant. The other side is the service area complete with a cosmetician, and on certain days, Giant's cosmetics supervisor, Julian Levin, performs makeovers for customers.

The physical elegance of the department is matched by the prestige brands carried in the store including such lines as Arden, Ultima, Chanel, Oscar de la Renta, Myrurgia and Lauren. Many of these are secured

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Giant's Crofton, Md., store features a cosmetics department set off from the rest of the store by a chrome overhang with pink neon.

Calif. stalls PPOD as legislature debates pharmacy-backed option

SACRAMENTO—Implementation of California's newly authorized Prudent Purchase of Drug Program (PPOD), measure designed to cut Medi-Cal bills by 20%, has been delayed to either December 1983 or January 1984. The program was originally slated to take effect this September.

The new Secretary of the

state's Health and Welfare Agency instituted the delay so he could execute a staff review prior to approving the regulations. But the decision of the administration will be to move forward with the program.

California had earlier been trying to institute a volume purchase program, but problems with implementation, en-

forcement, and the fear that it might create a huge Government bureaucracy which would not be cost-effective forced the state to approve PPOD.

Even as PPOD is being evaluated, there is a new bill pending that could nullify the approved PPOD program. This latest legislation, known as Assembly Bill 1307, is sponsored by the California Pharmacists Association and it is currently halfway through the legislative process. It still has to have a hearing before the State Senate's Health and Welfare Committee, and if it survives that, it must go to the Senate Finance Committee, and then on to the full Senate.

AB 1307, which is modeled after the 9-year-old California Dental Service Program, shifts the state's drug program from the Department of Health Services to an independent fiscal intermediary on a capitated (ceiling per patient) basis. The pharmacist still assumes some risk in costs because he will be responsible for overages if costs exceed a basis, but the California Pharmacists Association says the alternative is preferable because it would get the state out of the bidding business and put the responsibility into the hands of a third-party fiscal intermediary.

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F.D.A. chief Hayes to leave post in Sept.

WASHINGTON—Food and Drug Administration Commissioner Arthur Hull Hayes Jr., will resign as head of the Federal drug agency early next month to become Dean of the New York Medical College in Valhalla, N.Y.

Although Hayes confirmed press reports of his imminent departure from F.D.A. during a meeting with trade publication editors announcing the National Council on Patient Information and Education's new \$1 million patient drug awareness campaign, he refused to answer questions regarding the reason for his departure.

Since taking office Hayes has launched several initiatives aimed at reducing Federal regulation of the drug industry.

Among other things, the Commissioner supports expanded Abbreviated New Drug Application rules which could significantly shorten the premarket clearance process for new products.

In addition, last year Hayes rejected proposed patient package insert regulations that would have required drug manufacturers to provide additional leaflets with their products.

Rather than adopting new regulations, Hayes worked with the industry to form the broad-based National Council on Patient Information and Education, which develops programs to educate consumers about the proper use of Rx drugs.

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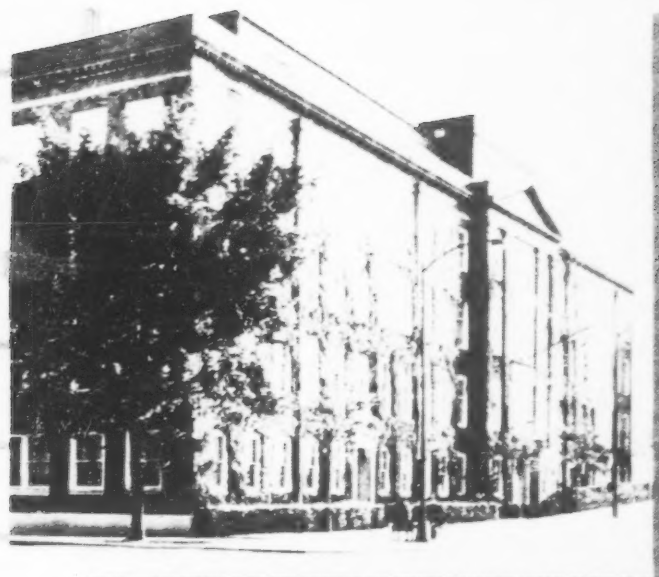
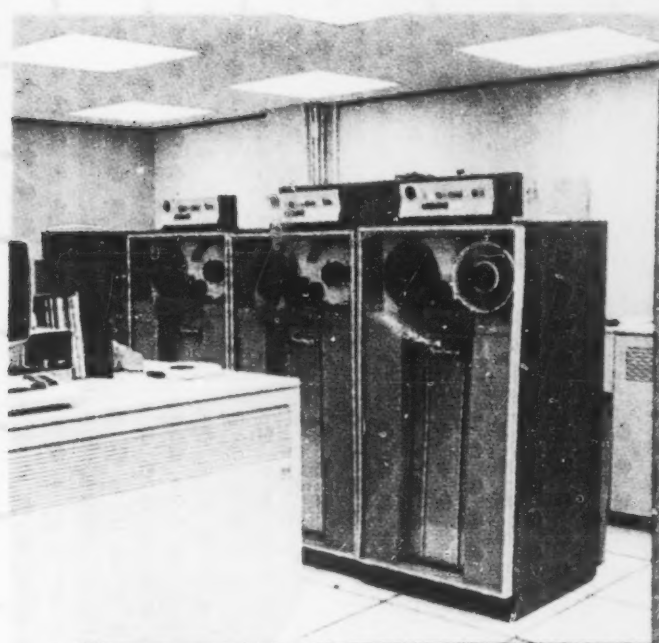
August 22, 1983

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1983 NIELSEN REVIEW

of Retail Drugstore Trends

50th ANNIVERSARY ISSUE





To Our Friends In The Drug Industry

As our cover illustrates—1983 is an important milestone in the history of the A.C. Nielsen Company—the 50th anniversary of the Nielsen Drug Index.

My father, A.C. Nielsen Sr., described the inauguration of the service as "a display of teamwork born of dire necessity. Then, at serious risk of bankruptcy, we launched a continuous marketing research service known as the Nielsen Drug Index." And bankruptcy during the great depression of the 1930's was an ever present danger for virtually every business—especially a new venture in an uncharted field. But we survived as did most independent and chain drugstores. But at certain times it was a "near thing" for us and many others too.

The year 1933 also marked the founding of the National Association of Chain Drug Stores. This fine organization also celebrated its 50th anniversary in May of this year. They not only survived but have continued to grow in both membership and importance ever since.

We sincerely hope our readers find this Review both interesting and helpful in appraising the retail drug industry. And further, we wish, once again, to say "thanks" for the cooperation extended to us by so many of you in the retail drug industry. In addition, we want to congratulate the NACDS on their 50th anniversary and wish them well for the next half century.

Sincerely,

A.C. Nielsen Jr.
Chairman of the Board
A.C. Nielsen Company



50th Anniversary
Service Award pin
of A.C. Nielsen Company

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